
modernization funding has decreased by nearly 41 percent since FY1989, and many programs have been terminated or restructured during this period. Even with adjustment for the decrease in the size of the Army, the reduction in modernization spending is significant: the Army in FY2000 will spend about \$5000 less per soldier for modernization than it did in FY1989.

Fielding the Objective Force while sustaining decisive capabilities will require additional resources throughout the transformation. Given current funding trends, we estimate that the Army has identified funding for approximately half of the additional costs associated with transformation. We will continue to work with the Administration and Congress to request the necessary support. Without this investment, we can expect the risks associated with executing the NMS to increase. With it, the Army can provide the joint team with the decisive landpower capabilities needed to achieve full spectrum dominance.

Depot Maintenance

The depot maintenance program is the Army's highest level of maintenance—its strategic sustainment base. The types of work performed at this level include complete overhauls of major pieces of equipment (such as tanks), certification of missiles, embedded software maintenance, and technical support to lower levels of maintenance. Because of fiscal constraints, depot maintenance for the AC, ARNG, and USAR have not been funded at the total annual requirement for many years, creating a backlog. The Army allocates available depot maintenance funding in accordance with the resource tiers described in the section on training resources. For FY2000, the President's Budget request

provided increased funding for depot maintenance, and the Congress legislated further increases that meet 79.5 percent of annual requirements for all components. This support for the depot maintenance program has been helpful to enhancing readiness. Supporting the depot maintenance funds and recapitalization requested in the FY2001 President's Budget will support the current positive trend and help reduce future operations and support costs for Army equipment.

Funding Infrastructure

The Army has excess infrastructure that is inadequate for mission requirements. It also has significant requirements for modern infrastructure to support readiness, enable force projection, and enhance well being, recruiting, and retention. Aggressive efforts to address this challenge include programs to eliminate excess infrastructure, programs to replace or refurbish infrastructure that no longer meets requirements, and programs to build infrastructure to meet new requirements. While eliminating excess infrastructure reduces the burden of facilities maintenance, providing modern infrastructure, in the right places, is equally important for ensuring ranges and other facilities support information-age equipment and processes. Having the right facilities not only sustains our operations and training missions, but also supports the Army's soldiers, their families, and Army civilians.

Sources of funding for Army infrastructure include Military Construction (MILCON), RPM, and AFH accounts. Military Construction accounts pay for the construction of barracks and other key infrastructure,

such as ranges, strategic mobility facilities, and USAR Centers. Real Property Maintenance accounts provide funding for the upkeep of maintenance facilities, training facilities, administrative space, barracks, and other real property infrastructure essential to force readiness. The AFH account pays for the construction and upkeep of AFH at installations in the CONUS and around the world. Base Operations, or BASOPS, is another account closely

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related to Army infrastructure because BASOPS accounts fund municipal services; utilities; leases; Morale, Welfare, and Recreation (MWR) activities; and other installation support.

Eliminating Excess Infrastructure

Base Realignment and Closure is the most powerful tool for reshaping and eliminating excess infrastructure. Having completed the closures and realignments authorized under three of the four BRAC rounds, the Army supports the DoD request for additional BRAC authorizations. Annual recurring savings from BRAC have exceeded the cost of implementing authorized actions since FY1997. Closures and realignments authorized under the last BRAC process are on schedule to meet the July 2001,

deadline for completion. Environmental cleanup and property disposal associated with all four BRAC rounds will continue beyond FY2007.

The FRP is another effective way to streamline Army infrastructure. From FY1992 through FY1999, the Army disposed of approximately 68.0 million square feet (MSF) of excess infrastructure. The FRP is on schedule to meet the DoD Defense Reform Initiative target by eliminating an additional 32.6 MSF of excess infrastructure by the end of FY2003. Savings achieved through BRAC and FRP could help provide funds for transformation.

The main focus of the AC investment is to continue the upgrade of all permanent party barracks to the approved standard by FY2008.

Military Construction

For FY2001, the President's Budget requests \$1.0 billion for construction in the MILCON accounts. The main focus of the AC investment is to continue the upgrade of all permanent party barracks to the approved standard by FY2008. Funds provide for ten whole barracks complexes at eight CONUS installations, two projects in Korea, and five projects in Germany. When complete, these projects will house nearly 5,000 soldiers. In addition, the budget request will provide adequate housing for unaccompanied personnel at Kwajalein

Atoll, and includes phase one of a basic trainee complex to house 1,200 new recruits at Fort Leonard Wood, Missouri. The ARNG is requesting funding for 28 facility projects, totalling \$59.1 million. The projects include a regional training institute, five readiness centers, and alterations to the maintenance facilities to support the fielding of units scheduled to activate by FY2003. The USAR request, at \$81.7 million, will fund six USAR Centers, and a Joint Reserve Complex.

The FY2001 request also continues the Army's investment in strategic mobility by funding six projects, including improvements to rail yard infrastructure and an ammunition holding area. These investments are part of an ongoing effort to complete major strategic mobility enhancements by FY2003. They will also provide funding for several ongoing projects, including Cadet Physical Development Center Revitalization at the United States Military Academy; Digital Multipurpose Training Ranges at Fort Knox, Kentucky, and Fort Hood, Texas; the Consolidated Soldier Support Center at Fort Drum, New York. These projects are an important part of the overall program to match Army infrastructure to mission requirements.

To balance all readiness accounts in FY2001, RPM is funded at 69 percent of the annual requirement. Since RPM has been funded at a percentage of actual requirements for many years, the Army faces a facilities maintenance backlog. Army implementation of BRAC and the FRP is reducing the annual facilities maintenance requirement.

Army Family Housing

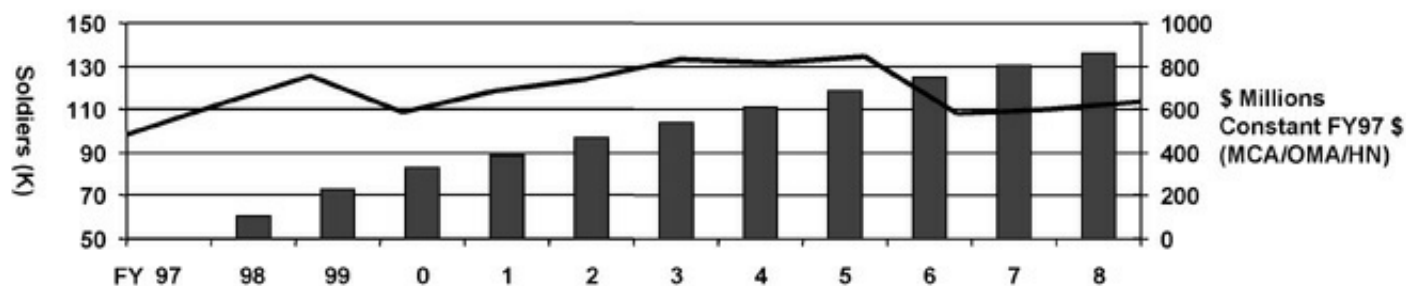
The Army's leadership is committed to providing high quality AFH. The cost of achieving this goal exceeds the funding level available. The Army does

not have enough housing to meet its needs, and much of its current housing inventory is in need of revitalization. The current revitalization requirement is \$6.0 billion, with another \$1.0 billion needed to eliminate the housing deficit. The Army supports DoD's efforts to address the housing challenge by funding AFH, increasing service members' ability to afford off-post housing, and pursuing privatization initiatives. The President's Budget request for FY2001 funds AFH at \$1.1 billion, allowing \$162.0 million for construction. It also funds increases for housing allowances that will reduce out-of-pocket expenses for off-post housing to 15 percent of total cost in FY2001.

To address the housing challenge, Congress passed the 1996 Military Housing Privatization Initiative. This legislation authorizes the Services to attract private sector expertise and capital for improving housing facilities and services provided to military members and their families. Pursuant to this authorization, the Army developed its Residential Communities Initiative (RCI), a plan to privatize AFH by FY2005. Last year, Congress raised concerns about the pace of Service privatization programs and limited initial Army privatization efforts to Fort Carson, Colorado, and three additional sites. In response to these congressional concerns, the Army added \$278.0 million in traditional AFH funding back into its MILCON program for FY2001 through FY2005. We have implemented a privatization initiative at Fort Carson, and are pursuing three pilot RCI sites: Fort Hood, Texas; Fort Lewis, Washington; and Fort Meade, Maryland.

These privatization projects will outlease land and convey an interest in the current AFH inventory to a private organization. The organization will revitalize the inventory and build

Army's Barracks Modernization Plan



The Army is on track to modernize single soldier housing to the "1+1 standard. This is a private living and sleeping area connected to a service area.

additional new units. In addition, it will operate and maintain the inventory for a prescribed period. Families will pay rent, but the amount of rent charged will not exceed allowances. The Army supports the DoD legislative proposal to extend the housing privatization authority for an additional five years, and intends to seek congressional approval for additional privatization once there is sufficient evidence that the current efforts are successful.

Single Soldier Housing

Quality barracks for our single soldiers should provide a safe, clean living environment and support both recruiting and retention efforts. The Army's highest facilities priority is to modernize permanent-party, single soldier housing to meet a "1+1" standard. This standard provides each soldier with a private living and sleeping area connected to a service area (with refrigerator and microwave) and

bathroom shared with one other soldier. The Army is on track to achieve this standard by FY2008 through the Whole Barracks Renewal Program and the Barracks Upgrade Program. The Whole Barracks Renewal Program is based on the concept of brigade complexes. In addition to soldier living space, each complex includes community buildings; a consolidated dining facility; and company, battalion, and brigade headquarters areas. With some funding assistance from host nations, the Army will also upgrade single soldier housing in Europe and Korea by FY2008.



The Army's highest facilities priority is to modernize single soldier housing.

Defense Reform Initiatives

The Army is striving to maintain readiness within fiscal constraints by improving the efficiency of the force. Increasing commitments have made efficiency an imperative. To help meet this challenge, the Army supports the DoD Defense Reform Initiatives, as

well as other efforts to improve efficiency. Efforts include the programs to reduce infrastructure discussed earlier. Other successful initiatives include a number of programs designed to reduce the cost of day-to-day operations and streamline logistics systems.

The Army successfully pursued various cost-saving programs in FY1999, including competitive sourcing studies (also known as A-76 studies) and the expansion of its previous success with the Government Purchase Credit Card. Under the competitive sourcing initiative, organizations and installations examine selected operations to determine whether they might be performed more efficiently either by a streamlined government workforce or by a private organization. The Army plans to study operations affecting 73,000 positions by FY2005, and has initiated studies of about 40,000 positions over the past two years. The actions taken as a result of these studies may save as much as \$2.8 billion by the time they are completed.

In another cost-saving initiative, the Army improved on the success of its Government Purchase Credit Card program by expanding usage from 72 to 97 percent of eligible purchases over the last three years. Use of the Government Purchase Credit Card saves money by simplifying the acquisition process. Recognizing the Army's success in this defense initiative, OSD requested the Army to direct the efforts of a Joint Program Management Office responsible for improving the overall DoD usage rates. Through careful examination of its processes and disciplined application of cost-saving measures such as competitive sourcing and the Government Purchase Credit Card, the Army is steadily improving the efficiency of its day-to-day operations.

The Army is also achieving significant efficiencies by using information technology to revolutionize its logistics systems. A series of ongoing initiatives dramatically reduces logistics effort, without degrading readiness, by reducing the quantities of supplies maintained in stockpiles around the world. Information technology makes this possible by providing global visibility of logistics materiel and the software necessary to manage

The Army environmental program is built around the pillars of compliance, pollution prevention, conservation of natural and cultural resources, and restoration.

transactions involving that materiel. The Army Total Asset Visibility (ATAV) system, for example, furnishes logistics managers across the DoD with information on the location, quantity, condition, and movement of assets worldwide. It has been used successfully to support deployments and other shipments to Korea and the Balkans. Global visibility makes possible more efficient use of existing stocks. The Single Stock Fund (SSF) initiative is capitalizing on this increased efficiency

to merge the wholesale and retail portions of certain Army supply activities, including repair parts and packaged petroleum products. The SSF will allow customers to use a single, nationally managed Army inventory, thereby eliminating intermediate managers in control of separate stocks. Through the ATAV, SSF, and a series of other cost-saving initiatives, the Army is actively participating in the DoD's efforts to optimize conversion of scarce resources into required capabilities.

Environmental Considerations

The Army environmental program is built around the pillars of compliance, pollution prevention, conservation of natural and cultural resources, and restoration. It also includes training soldiers and civilians in environmentally sound skills and habits, and developing environmental technology to reduce pollution in military applications.

The Army complies with all environmental laws. It has developed management, reporting, and self-audit systems to help its installations stay abreast of the changing legal and regulatory requirements. Pollution prevention provides a high return on investment and supports readiness by reducing maintenance and supply costs. Conservation of natural and cultural resources enables a realistic training environment, preserves training areas for future use, and contributes to regional preservation of ecosystems. Through the Installation Restoration Program, the Army evaluates existing contamination risks and initiates the appropriate restoration action. The DoD has established a goal to reduce all of these sites by FY2014 and the Army will maintain a consistent level of funding to meet this goal.